

Message Text

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ACTION EUR-25

INFO OCT-01 EURE-00 EB-11 ISO-00 RSR-01 RSC-01 NIC-01

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 PRS-01 SS-15 USIA-15 TRSE-00 OMB-01 ACDA-19

SAJ-01 /128 W

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P R 041316Z SEP 73

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC PRIORITY 1641

INFO USDOC WASHDC

C O N F I D E N T I A L MOSCOW 10512

E.O. 11652: GDS

TAGS: ETRD BTRA UR US

SUBJ: PEPSICO CHAIRMAN KENDALL'S CONVERSATION WITH

GENERAL SECRETARY BREZHNEV

1. NEAR THE END OF A TWO-WEEK VISIT TO SOVIET UNION AS GUEST OF MINISTRY OF FOREIGN TRADE AND MINISTRY OF FOOD INDUSTRIES PEPSICO CHAIRMAN DONALD KENDALL WAS RECEIVED BY GENERAL SECRETARY BREZHNEV. KENDALL WAS ACCOMPANIED DURING HIS CALL ON BREZHNEV BY PERSONAL FRIEND AND INTERPRETER, MICHAEL LVOV, AND WAS RECEIVED BY BREZHNEV ON AUGUST 28 IN CRIMEA.

2. IN THE COURSE OF CONVERSATION, WHICH WAS SCHEDULED FOR 45 MINUTES, BUT LASTED SOME THREE HOURS, BREZHNEV REPEATEDLY EMPHASIZED HIS PERSONAL SATISFACTION WITH HIS RELATIONSHIP WITH PRESIDENT NIXON AND HIS STRONG DESIRE TO FOUND DETENTE BETWEEN USSR AND US SO FIRMLY DURING REMAINING YEARS OF NIXON ADMINISTRATION THAT IT WILL SURVIVE FUTURE AMERICAN POLITICAL DEVELOPMENTS. IN ADDITION TO DETENTE AND BREZHNEV'S FEELING OF RAPPORT WITH PRESIDENT, SUBJECTS DISCUSSED INCLUDED BUSINESS AND INDUSTRIAL COOPERATION, TOURISM AND WATERGATE.

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3. COMMENTING ON BUSINESS COOPERATION, KENDALL NOTED HE RECOGNIZED THAT LARGE DEALS MEANINGFUL IN POLITICAL TERMS HAD BEEN EMPHASIZED IN PAST, BUT THAT TIME HAD COME TO GET BUSINESSMEN OUT OF MOSCOW TO EXPLORE SPECIFIC REGIONAL AND LOCAL PROJECTS. BREZHNEV REMARKED THAT USSR WANTS TO MOVE AWAY FROM PRESENT POSITION AS SUPPLIER OF RAW MATERIALS AND INTO PROCESSING OF MINERALS, TIMBER, ETC. IN SEMI-FINISHED FORM FOR EXPORT. BREZHNEV ALSO EXPRESSED SATISFACTION WITH TIME-FRAME PROPOSED FOR LONG-TERM AGREEMENTS (30-40 YEARS) AND AGREED THAT THE BIG DEALS MAKE NEWSPAPER HEADLINES BUT SMALLER CONTRACTS IN LARGE QUANTITY REPRESENT REAL ESSENCE OF TRADE TO BE DEVELOPED.

4. NOTING THAT U.S. TOURISTS NOW SPEND ABOUT \$100 MILLION PER YEAR IN USSR, BREZHNEV ASKED FOR PACKAGE PROPOSALS FOR TOURISM DEVELOPMENT, EXPRESSING INTEREST IN PROPOSALS WHICH WOULD INCLUDE FINANCING AND CONSTRUCTION OF HOTELS TOGETHER WITH TOUR PLANS AND DEVELOPMENT OF OTHER TRAVEL FACILITIES.

5. KENDALL DESCRIBED BREZHNEV'S VIEW OF WATERGATE AS AN UNPRINCIPLED ATTACK ON PERSONAL FRIEND. BREZHNEV EXPRESSED SURPRISE THAT AMERICANS WOULD SEEK TO DESTROY MAN OF NIXON'S CHARACTER AND ABILITY: INSTEAD THEY SHOULD CHANGE LAWS IN ORDER TO REELECT HIM TO A THIRD TERM. BREZHNEV ALSO INDICATED SUSPICION THAT AMERICANS UNHAPPY ABOUT US-USSR DETENTE WERE ATTACKING PRESIDENT AS MEANS OF UNDERMINING ADMINISTRATION'S FOREIGN POLICY INITIATIVES.

6. FOLLOWING DINNER IN HIS HONOR, SEPT 1, KENDALL GAVE ACCOUNT OF AUG 28 CONVERSATION TO SMALL GROUP OF AMERICANS, INCLUDING SECRETARY WEINBERGER AS WELL AS CHARGE AND CERTAIN OTHER EMBASSY OFFICERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MOSCOW10512
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS DUBS
Errors: N/A
Film Number: n/a
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730956/aaaabpkc.tel
Line Count: 94
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 27 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Sep-2001 by elyme>; APPROVED <03-Dec-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PEPSICO CHAIRMAN KENDALL'S CONVERSATION WITH GENERAL SECRETARY BREZHNEV
TAGS: ETRD, BTRA, UR, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005